

FISCAL NOTE

SB 4005 - HB 3956

February 11, 2008

SUMMARY OF BILL: Authorizes additional property tax credits, under the Business Tax Act, to offset increased state tax revenue generated as a result of the 2002 business tax increase, enacted by Public Acts 2002, Chapter 856.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – Exceeds \$500,000
Increase State Expenditures¹ - \$36,000/One-Time

Assumptions:

- According to the Department of Revenue (DOR), Public Acts 2002, Chapter 856 doubled the business tax rate and business tax collections increased significantly as a result.
- According to DOR, the limitations on business tax credits, currently identified in Tenn. Code Ann. § 67-4-713(a)(7), are not sufficient to offset the increase of state tax revenue generated by the 2002 tax increase.
- DOR indicates that by expanding property tax credits, to be used against business tax liabilities, business tax collections will likely decrease by a significant unknown amount.
- DOR indicates that it has no data available to aid in the determination of a precise fiscal estimate for this bill.
- The decrease to state revenue is estimated to exceed \$500,000 per year.
- One-time state expenditures for computer enhancements and software modifications estimated to be \$36,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

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A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director

/rnc